



Gray Davis, Governor
State of California
Business, Transportation and Housing Agency

980 9th Street
Suite 500
Sacramento, CA 95814
916-324-9030 voice
916-445-8399 fax

April 19, 2001

IN REPLY REFER TO:
FILE NO: ALPHA

To: All 2001/2002 Healthy Families Program Plan Participants

From: Brian J. Bartow, Chief, Licensing Division

Re: Healthy Families Program Expansion

As you know, Governor Davis has announced his intention to expand the existing Healthy Families Program to include eligible adult parents, an initiative that will increase health insurance coverage and make health care services available to more Californians. The expansion, which has been submitted by the California Health and Human Services Agency to the Health Care Financing Administration ("HCFA"), is pending federal approval and state budget appropriation.

While the Department of Managed Health Care ("DMHC") is aware that details of the Healthy Families Program expansion have not yet been finalized, we recognize the benefits of early communication with participating plans regarding the filings necessitated by the potential changes in the Healthy Families Program. Therefore, the purpose of this advisory is to provide guidance to plans in order to streamline the upcoming filing process for the benefit of participating plans as well as the DMHC.

Based on the current information available from the Managed Risk Medical Insurance Board ("MRMIB"), the DMHC has determined that plans will be required to file amendments pursuant to Section 1352¹ prior to participation in the proposed augmented Healthy Families Program. As the expansion of the program will necessitate the addition of providers to address the health care needs of adults by most plans, we foresee that the focus of the review of these amendment filings will pertain to enhanced provider delivery systems as discussed more thoroughly below. Additionally, to the extent that the finalized changes to the Healthy Families Program will result in new or increased benefits, the DMHC will review information submitted by the plan to determine the adequacy of the plan's network to provide the new or enhanced benefits.

The MRMIB has indicated that until the details of the expanded program have been approved by HCFA, the proposed start-up date for the expanded program remains unknown. It is the DMHC's intent that plans will utilize the filing guidelines set forth below as a starting point in preparing the amendment filings. Modification of the filing requirements may be necessary

¹ References to "section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as amended, ("Act") California Health and Safety Code Section 1340 et seq. References to "Rule" are to the regulations promulgated pursuant to the Act at Title 28 of the California Code of Regulations, commencing at Section 1300.43.

once more details of the finalized expanded Healthy Families Program are available. Therefore, plans are requested to refrain from submitting amendments until notified of final approval of the program.

The DMHC is continuing to work with the MRMIB to assure that plans participating in the Healthy Families Program receive timely notice of regulatory requirements. The DMHC intends to work closely with plans, in order that questions can be addressed and issues resolved in a timely manner. The DMHC believes that as soon as notification for the approval of the expanded program is received, a meeting with all participating plans, MRMIB and the DMHC would be beneficial and we will arrange a meeting with all interested plans at that time.

Exhibit E: Summary of Information

As with all filings, plans should file a narrative description of the filing, including a summary of changes to existing operations implemented to accommodate the new enrollment. This exhibit should contain a list of all exhibits to which no change is necessary as a result of the implementation of the Healthy Families adult program. Additionally, Exhibit E should list any optional benefits to be provided by the plan to Healthy Families adults.

Exhibit H: Geographical Area Served

In order to permit the DMHC to evaluate the availability and accessibility of services for Healthy Families enrollees, plans will be required to file maps identifying the location of providers added to the health delivery network in order to provide health care services to Healthy Families adults. Providers who are available to treat only children should not be included on the maps submitted.

To the extent that a plan will rely on the same provider network previously submitted to and approved by the DMHC in conjunction with a separate product, the plan may submit the following in lieu of the information set forth in the preceding paragraph: (1) A description of the network to be utilized (i.e., Medi-Cal); (2) The date when the network was most recently submitted to the Department; (3) A representation from the plan that the network is adequate to provide health care services to the plan's projected enrollment in the Healthy Families adult product.

Exhibit I: Description of Healthcare Arrangements

Plans should file, in the form required by Rule 1300.51(d)(I), information pertaining to all providers added to the plan's previously approved health delivery network in order to provide health care services to Healthy Families adults. This information should demonstrate that providers have secured admitting privileges at hospitals contracted with the plan for the Healthy Families Program.

Exhibit J: Internal Quality of Care Review System

If the plan's quality assurance system is adequate, the plan may provide a representation that the systems in place to monitor the quality of care, access to care and continuity of care that were previously approved by the DMHC will encompass the expanded Healthy Families enrollment.

Exhibit K: Provider Contracts

Unless a plan is revising a previously submitted and approved provider agreement or is implementing a new agreement, this exhibit need not be submitted. However, pursuant to Rule 1300.51(d)(K-3), plans will be required to submit execution pages evidencing signatures from all providers added to the plan's network as a result of the expansion to include Healthy Families adults. Plans are reminded that compensation information, along with contract title pages, should be submitted separately as a confidential exhibit.

Exhibits L and M: Organizational Documents

Plans need only submit these exhibits to the extent that previously submitted and approved organization information requires alteration in order to accommodate the Healthy Families expansion. If no change is necessary to a plan's organizational structure and staffing, the plan should represent that no change is necessary.

Exhibit N: Contracts for Administrative Services

Plans should file any new or revised administrative services agreements for the Healthy Families Program.

Exhibit P: Group Health Care Service Contracts

Plans will be required to submit executed agreements with the MRMIB evidencing a plan's approval for participation in the Healthy Families expansion program. If a plan will utilize the standard contract/amendment prepared by the MRMIB for this purpose, only the title page and signature page need be submitted. Information pertaining to premiums paid to the plan should be submitted separately for confidential treatment. Please note that plans which execute an agreement that contains any amendment to the standard language prepared by the MRMIB will be required to submit a copy of the amended language in red-line format.

Exhibits S, T and U: Enrollee Evidence of Coverage and disclosure Materials

Plans will be required to submit subscriber materials for use with the expanded Healthy Families adult population. In the event that a plan will utilize one EOC document for both children and adult program enrollees, please submit both a clean and redlined version of the Evidence of Coverage and Disclosure Form(s) that clearly indicate the changes that have been made to the documents previously submitted and approved for use with Healthy Families children.

Exhibit V: Advertising

All proposed advertising materials not previously filed should be submitted pursuant to Rule 1300.51(d)(V).

Exhibit W: Enrollee/Subscriber Grievance Procedures

Plans may provide a representation that the systems in place to process and track grievances previously approved by the DMHC will encompass the expanded Healthy Families enrollment.

Exhibit HH: Enrollment Projections

If the increase in enrollment will be greater than 5% of the current enrollment of the plan, the plan should file financial projections, accompanied by the underlying assumptions, for a period of two years. The projections should be prepared on a monthly basis for the first year, and on a quarterly basis for the second year. The projections should separately identify projected revenues and projected expenses related to the Healthy Families program. The MRMIB has developed estimated enrollment projections for twelve months following the initiation of the expansion. A copy of those projections are attached.

Should you have any questions regarding this advisory or the filing process, you may contact Senior Counsel Steven R. Goby at (213) 576-7580 or Senior Counsel Charles I. Gibbs at (916) 324-9017.

Attachment

cc: John Grgurina, Chief Deputy Director, MRMIB

HEALTHY FAMILIES PROGRAM

PROJECTED CHILD/ADJULT ENROLLMENTS (12 months after parental expansion begins)

	Projected HFP Children	Projected HFP Parents	Total Projected HFP Children and Parents
HEALTH PLANS			
Alameda Alliance for Health	7,000	2,000	9,000
Blue Cross EPO	107,000	33,000	140,000
Blue Cross HMO	119,000	37,000	156,000
Blue Shield EPO	1,000	500	1,500
Blue Shield HMO	33,000	10,000	43,000
Cal Optima	24,000	7,500	31,500
Care 1st Health Plan	2,000	500	2,500
Central Coast Alliance for Health	2,000	500	2,500
Community Health Group	16,000	5,000	21,000
Community Health Plan	29,000	9,000	38,000
Contra Costa Health Plan	3,000	1,000	4,000
Health Net	74,000	23,000	97,000
Health Plan of San Joaquin	9,000	3,000	12,000
Health Plan of San Mateo	1,000	500	1,500
Inland Empire Health Plan	21,000	6,500	27,500
Kaiser Foundation Health Plan	40,000	14,000	54,000
Kern Family Health Care	6,000	2,000	8,000
L.A. Care Health Plan	9,000	3,000	12,000
Molina	10,000	3,000	13,000
San Francisco Health Plan	7,000	2,000	9,000
Santa Barbara RHA	2,000	500	2,500
Santa Clara Family Health	10,000	3,000	13,000
Sharp Health Plan	16,000	5,000	21,000
UHP Healthcare	3,000	1,000	4,000
Universal Care	7,000	2,000	9,000
Ventura County Healthcare	4,000	1,500	5,500
TOTAL	562,000	176,000	738,000

	Projected HFP Children	Projected HFP Parents	Total Projected HFP Children and Parents
DENTAL PLANS			
Access Dental	83,000	26,000	109,000
Delta Dental	331,000	104,000	435,000
Denticare	119,000	37,000	156,000
Premier Acces	9,000	3,000	12,000
Universal Care Dental	20,000	6,000	26,000
TOTAL	562,000	176,000	738,000

	Projected HFP Children	Projected HFP Parents	Total Projected HFP Children and Parents
VISION PLAN			
VSP	562,000	176,000	738,000